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## Viewing cable 05SOFIA1561, SENATOR HAGEL MEETS NEW BULGARIAN GOVERNMENT

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- The top box shows each cable's unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
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Reference ID	Created	Released	Classification	Origin
<a href="#">05SOFIA1561</a>	<a href="#">2005-09-08 16:31</a>	<a href="#">2011-08-30 01:44</a>	<a href="#">CONFIDENTIAL</a>	<a href="#">Embassy Sofia</a>

Appears in these articles:

<http://www.bivol.bg/wlbelene.html>  
[http://www.capital.bg/politika\\_i\\_ikonomika/bulgaria/2011/04/29/1082317\\_mrusna\\_energiia/](http://www.capital.bg/politika_i_ikonomika/bulgaria/2011/04/29/1082317_mrusna_energiia/)  
<http://wlcetral.org/node/1722>

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 03 SOFIA 001561

SIPDIS

CODEL

STATE FOR H, PASS TO SENATOR HAGEL

E.O. 12958: DECL: 08/30/2015

TAGS: [PGOV](#) [OVIP](#) [PREL](#) [OREP](#) [ENRG](#) [MARR](#) [EINV](#) [LY](#) [BU](#)

SUBJECT: SENATOR HAGEL MEETS NEW BULGARIAN GOVERNMENT

REF: SOFIA 1460

Classified By: AMB. BEYRLER FOR REASONS 1.4 B&D

ACTION REQUEST PARA 9

**1.** (C) SUMMARY: Senator Hagel was the first Washington official to meet the new government after the June elections. He stressed energy and investment issues, Bulgaria's strategic importance as an ally in the region that extends eastward, and Bulgaria's need to improve its investment climate by addressing government corruption and regulatory roadblocks. Bulgarian officials stressed their desire for increased U.S. investment. They also proclaimed Bulgaria a loyal partner of the U.S. in NATO, Afghanistan and Iraq, and said they were looking at ways to continue participation in Iraq after their end-of-year withdrawal. END SUMMARY

BULGARIAN GOVERNMENT MEETING PARTICIPANTS

**2.** (U) President Georgi Parvanov  
Minister of Defense Veselin Bliznakov  
Minister of Economy and Energy Rumens Ovcharov  
Speaker of Parliament Georgi Pirinski  
MP and Deputy Foreign Minister-designate Gergana Grancharova  
Deputy Foreign Minister Lyubomir Kyuchukov  
Member of Parliament, Foreign Affairs Committee, Christian Vigenin

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POLITICAL-MILITARY ISSUES

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BULGARIAN-AMERICAN RELATIONS

13. (C) Purvanov stressed that relations between Bulgaria and the U.S. are the best in history. Bulgaria is a serious and predictable strategic partner which is firmly with the U.S. in the Global War on Terrorism (GWOT). Purvanov - whose position was not up for election in the June ballot - believes this support will continue in the new administration. He pointed to the continuity of foreign policy under the new government as proof of the strength of the relationship. Bliznakov said his goal is to stabilize and strengthen Bulgaria's relationship with NATO countries - particularly the U.S. Purvanov and Pirinski were grateful for the prompt and generous assistance the USG provided for flood-stricken areas.

14. (C) Senator Hagel described the purpose of his visit to Bulgaria and the region, explaining the strategic importance to the U.S. of the "arc" of countries from Bulgaria and Romania across the Black Sea and Caspian Sea to the Caucasus and Urals. Grancharova said it was important to get congressional members to Bulgaria. She pointed to the need to prove to the Bulgarian public the benefits of the relationship with the U.S. The public mainly sees the "bad news" out of Iraq and the relatively small amount of U.S.-origin foreign direct investment. Pirinski described his visit to the U.S. in September as an opportunity to meet Senator Lugar and prepare for the visit of Purvanov.

GWOT: IRAQ/AFGHANISTAN

15. (C) Purvanov looks forward to meeting President Bush in October, where he hopes the two can discuss the format under which Bulgaria can continue to participate in the coalition in Iraq. He said Bulgaria has an idea of how to reinforce its presence in Iraq, but did not elaborate. Bliznakov said Bulgaria takes its Iraq commitment very seriously and will stay until the end of the year. All withdrawal preparations will be coordinated with the U.S. and other partners. The GOB is discussing alternate ways to participate in future missions in Iraq in order to preserve stability, Bliznakov said. The military is also preparing for 2006 when Bulgaria will assume responsibility for the airport in Kabul. Ten percent of the Ministry of Defense budget is allocated to participation in missions abroad. Bliznakov reiterated Bulgaria's commitment in the war on terror, and supports the U.S. goal of addressing terrorism in the regions that foment it. He said there is currently no threat of fundamentalism in Bulgaria, but the MOD will create an interagency team on the issue. The only potential threat here is due to Bulgaria's profile as a participant in anti-terror operations worldwide, said Bliznakov.

U.S. BASES

16. (C) The U.S. and Bulgaria will now have to step up negotiations on the U.S. presence here, which were slowed by the elections, Purvanov said. He pointed to a clear political will in parliament and in the country across all major parties in support of the bases, but noted some details would have to be ironed out. Vigenin, the Socialist parliamentarian, said Bulgarian officials need to work with voters to convince them of the benefits of the basing. Local residents already support the plan, but that view does not extend across the country. Vigenin said almost all parties in parliament understand the need for a strategic partnership with the U.S., the only opposition on this issue comes from the extreme nationalist group Ataka.

DEFENSE ISSUES

17. (C) Bulgaria will strive to be an active member of the NATO alliance, and will strike a balance between its own self-interest and the needs of the allies, said Bliznakov. He said Bulgaria after NATO entry was a stabilizing factor in the Balkans, and the country is helping prepare regional states for eventual NATO membership.

18. (C) According to Purvanov, Bulgaria wants to play a stabilizing role in the Balkans. He hopes the U.S. and Bulgaria can cooperate to modernize the military so Bulgaria can be a more reliable NATO partner. Bliznakov said Bulgaria will expand upon its current military achievements domestically and in operations abroad, and modernize its forces. He thanked the U.S. for the military assistance we provide. Bliznakov outlined a plan through 2015 for modernizing the military. Some of the highest 11 priority areas - out of 35 - have already begun. Problems are primarily due to lack of resources, not will. Ovcharov called for increased cooperation between U.S. and Bulgarian defense companies, including the need for offsets.

19. (C) Minister Bliznakov requested a meeting with the Secretary of Defense at the Berlin Defense Ministerial

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September 13-14. (Post comment: We strongly support this request believing that such a meeting could influence Bulgaria's decision to take on a new mission in Iraq and/or increase its military presence in Afghanistan.)

#### BULGARIAN MEDICS IN LIBYA

10. (C) Purvanov extended his personal gratitude to the Bush Administration for its consistent support of the imprisoned medics in Libya. He said this issue is a more painful one for Bulgarians than Iraq or Balkan problems, and mentioned that settlement of the issue would go a long way to "calming the situation here." Pirinski said Bulgaria is concerned about the upcoming November 15 court decision regarding the death sentence of the medics.

#### ----- ECONOMIC ISSUES -----

#### AMERICAN BUSINESS COMMUNITY

11. (SBU) Senator Hagel met with members of the American Chamber of Commerce to learn about U.S. business issues. The businessmen see the environment improving and noted both an increase in business activity and a decrease in the amount of corruption and regulatory inefficiencies. However, they stressed that Bulgaria has a long way to go to become a transparent destination for U.S. capital. Government corruption - primarily at the mid-to-lower levels - is still "prevalent." Deliberate slow-downs and selective enforcement of the regulatory framework have worked against some investors, presumably at the behest of competitors. Investors feel the business climate overall will improve with accession to the EU, but are concerned about Bulgaria's capacity to absorb large amounts of assistance. MFA officials agreed on the need for Bulgaria to improve its ability to absorb the EU funds. The energy sector is a major opportunity for investors, including possibilities in the nuclear sector with the new plant at Belene, and with the two pipeline projects, AMBO and Bourgas-Alexandropolous. AmCham officials also raised the continued importance of a Double Taxation Treaty to assist U.S. investors.

#### U.S. INVESTMENTS

12. (C) Purvanov stressed the need to increase the level of bilateral trade between our countries, saying he was not satisfied with the current \$760 million, or the \$560 million in U.S. direct investment. He said this amount was smaller than neighboring countries with much smaller economies. Senator Hagel agreed with the importance to both countries of increased U.S. investment here, but stressed to all GOB officials the concerns of American investors regarding government corruption. He also raised the need for the regulatory authorities to transparently and fairly manage their sectors so as not to impede U.S. investors considering Bulgaria as a destination.

13. (C) Purvanov agreed the criticism was warranted and elaborated on the issue, saying Bulgaria had to improve the efficiency of the judiciary and Bulgaria's administrative capacity. He and Ovcharov pointed to constitutional changes and legislation that will improve the judiciary and investment regimes. But Purvanov stressed that the implementation phase is where real efforts will be needed.

14. (C) Ovcharov said the government needed to start more public-private partnerships similar to those in the U.S. and improve conditions for small and medium-sized enterprises. Purvanov said both the finalization of a Double Taxation Treaty with the USG and a roadmap for facilitating Bulgaria's inclusion in the visa waiver program would help improve investment. Senator Hagel raised the privatization of the Bulgarian film studios with the officials. Kyuchukov said the government would not reverse the process, but the deal could be challenged in the courts.

15. (C) Ovcharov said he wants to see more investment by U.S. companies in the fields of information technology, automotive technology, defense industries, mining, agriculture (particularly organic), the chemical and pharmaceutical industries, wine and energy. He said existing U.S. projects are good ones and should continue to be supported by the GOB, despite some minor problems.

#### ENERGY

16. (C) Senator Hagel noted the success of current U.S. investments in the energy sector and suggested an increase in the fields of nuclear, geo-thermal and hydro development. He said the U.S. would like to work closely with Bulgaria to further develop its energy sector and strengthen the economy. Purvanov stressed the desire to continue building nuclear power so as to increase its electricity exports in the region. Ovcharov said the government must promote

investments, particularly in energy infrastructure projects such as the Nabucco gas pipeline and the Burgas-Alexandropolous and AMBO oil pipelines.

#### BULGARIA'S EU ACCESSION

17. (C) Pirinski said parliament is focused on passing legislation necessary for entry in the areas of Justice and Home Affairs, agriculture, environment, trade and commercial law, the latter to improve investment climate, intellectual property rights.

18. (C) EMBASSY COMMENT: Bulgarian officials were clearly pleased to welcome Senator Hagel as their first Washington visitor after the elections. They took pains to stress the continuity of the close relationship that the previous government had worked hard to develop. GOB officials laid out what they wished to accomplish in the short-to-medium term - from EU accession to improved foreign investment and continued participation in the GWOT. Senator Hagel's meetings began what will be a period of intensive engagement with Bulgaria and its new government. The Senator's visit will be followed by a series of high-level introductory calls by the new U.S. Ambassador, a possible meeting between MOD Bliznakov and SecDef Rumsfeld at the informal NATO Defense Ministerial, FM Kalfin's possible meetings on the margins of UNGA, and Finance Minister Oresharski's planned bilats during the World Bank/IMF meeting. This period of intensive engagement will culminate with the meeting between the two Presidents in Washington on October 17. END COMMENT

THIS CABLE WAS CLEARED BY SENATOR HAGEL'S PARTY  
BEYRLE